

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2020

Docket No. ACR2020

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
QUESTIONS 8-9 OF CHAIRMAN'S INFORMATION REQUEST NO. 6

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 5, issued on January 28, 2021. Timely responses to all other questions were filed on February 4, 2021. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Nabeel R. Cheema.  
Chief Counsel, Pricing & Product Support

Eric P. Koetting

475 L'Enfant Plaza, S.W.  
Washington, D.C. 20260-1137  
(202) 277-6333  
eric.p.koetting@usps.gov  
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- 8.** Please refer to the “On[-]time Service Performance Comparison for CAIR [Commercial Air]” provided in the Response to CIR No. 1, question 3.b.
- a. Please confirm that these data include mailpieces classified as Market Dominant and as Competitive Products. If not confirmed, please explain.
  - b. Please specify which Market Dominant products are included within these data.
  - c. Please provide the data underlying the information provided in Response to CIR No. 1, question 3.b. in an Excel Spreadsheet for each month and quarter of FY 2019 and FY 2020. Please also disaggregate these data into mid-year, second-half, and annualized.<sup>1</sup> Please limit the data to only Market Dominant mailpieces. If the Postal Service cannot isolate Market Dominant mailpieces, please explain why the Postal Service cannot extract the data for mailpieces classified as Competitive Products.
  - d. Please explain how the Postal Service defines each of the following terms for purposes of these data:
    - i. “on[-]time performance” and “% On[-]time” (e.g., does “on[-]time” refer to the actual arrival time of the airplane compared to the expected arrival time or delivery of the mailpiece within the applicable service standard?),
    - ii. “D&R Assigned” (e.g., to what does “D&R” refer?),
    - iii. “Assign Weight,”
    - iv. “Late D&R at Dest” (e.g., does “late” refer to the actual arrival time of the airplane compared to the expected arrival time or delivery of the mailpiece within the applicable service standard and to what does “D&R” refer?), and
    - v. “% Late” (e.g., does “late” refer to the actual arrival time of the airplane compared to the expected arrival time or delivery of the mailpiece within the applicable service standard?).

**RESPONSE:**

- a. Confirmed.
- b. FCM Letters and Flats.

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<sup>1</sup> Mid-year refers to the aggregation of the data for Quarters 1 and 2 of a fiscal year. Second-half refers to the aggregation of the data for Quarters 3 and 4 of a fiscal year. Annualized refers to the aggregation of the data for all four quarters of a fiscal year.

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- c. Please see the Excel file associated with the response filed under seal as part of USPS-FY20-NP38 for the requested information about Market Dominant mail. In that file, the Percentage columns correspond to the on-time percentages (also labeled as % Ontime) appearing in the response to question 3.b of CIR 1, and the Pound columns correspond to the assigned weight pounds also appearing in that response.
  
- d. Definitions are as follows:
  - i. On-time performance is based on the handling units that receive a delivery or break scan by the Required Delivery Time (RDT) by supplier.
  - ii. Distribution and Routing Tag.
  - iii. Volume in pounds assigned to an air carrier
  - iv. Late D&R tags at destination are based on handling units that do not receive a delivery or break scan by the RDT by supplier.
  - v. Percent late is based on the volume that was not scanned by the RDT.

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**9.** The Postal Service explains that due to COVID-19, air transit suppliers cancelled flights scheduled to transport mail and/or imposed unexpected weight and space restrictions on flights to transport mail. See Response to CIR No. 1, questions 4.b. and 5.a.

- a. Please confirm that the Postal Service has a metric(s) (such as a root cause failure indicator) to monitor such cancellations and restrictions imposed by air transit suppliers.
  - i. If confirmed, please identify the metric(s) used and quantify such cancellations and restrictions at the national level for each quarter of FY 2019 and FY 2020. Please also disaggregate these data into mid-year, second-half, and annualized.
  - ii. If not confirmed, please explain why such a metric has not been developed and status of the Postal Service's efforts to develop such a metric.
- b. Please quantify how much Market Dominant volume has been transported by surface (ground) instead of air due to such cancellations and restrictions during FY 2020.
- c. Please describe the actions that the Postal Service has taken to mitigate the impacts that such cancellations and restrictions have on-time service performance results for Market Dominant products during FY 2020.
- d. Please explain how each of the Postal Service's actions described in response to part c. of this question impacted on-time service performance results for Market Dominant products during FY 2020. In the response, please identify which actions were the most effective in mitigating the impacts that such cancellations and restrictions had on on-time service performance results for Market Dominant products during FY 2020.
- e. For each impact identified in response to part c. of this question, please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified impact, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified impact.
- f. Please explain how the cancellations and restrictions imposed by air transit suppliers due to COVID-19 impacted how much air capacity the Postal Service requested, how much air capacity the Postal Service received, and the air capacity gap for FY 2020 Quarters 3 and 4.<sup>2</sup>

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<sup>2</sup> See Library Reference USPS-FY20-29, Excel file "NONPUBLIC FCM Q2 - Air Capacity.xlsx."

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**RESPONSE:**

- a. Not confirmed.
  - i. Not applicable.
  - ii. Air carriers are required to move the mail they have taken possession of to destination by the Required Delivery Time (RDT). The requirement for transit is not flight specific. If a flight is canceled, the carrier can move the volume on another flight. Due to this requirement, we do not track flight cancellations unless there is no alternate flight to move the volume to destination. In that case we would make the decision to leave it with the carrier or repossess it and move it on another carrier. We do have visibility into the amount of capacity a carrier offers the Postal Service based on their submitted routings.
- b. The Postal Service is unable to quantify how much Market Dominant mail was transported via surface instead of air due to cancellations in FY 2020.
- c. The Postal Service utilized additional air capacity or supplemental air capacity (Charters) or Air to Surface diversion as necessary to transport volumes that were impacted due to the loss of commercial networks.
- d. The Postal Service is unable to quantify how these actions impacted on-time service performance for Market Dominant products at this time, although plainly disruptions of normal operations are likely to have a detrimental effect on service performance. In terms of mitigating the impact, as CAIR capacity decreased, the Postal Service requested

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additional volumes from the cargo carriers, and they provided additional capacity. One large carrier was able to provide approximately 6 percent more than the original request. However, even with the additional capacity provided, the dramatic increase in package volumes still created a capacity shortfall in many markets. Total air capacity provided for the second half of the year with the full COVID impact was more than 22 percent less than what was needed. The shortfall in the second half of FY 2020 was about 19 times greater than the shortfall in the first half of the year, prior to the full COVID impact. Additional information (containing commercially-sensitive procurement information) is provided under seal as an Excel file associated with this response, submitted as part of USPS-FY20-NP38.

- e. No further information is available beyond what is presented in response to part d. of this question.
- f. As discussed in response to part d of this question, and as indicated by the data provided in the Excel file submitted under seal as part of USPS-FY20-NP38 in association with this response, the cancellations and restrictions imposed by air transit suppliers due to COVID-19 increased how much air capacity the Postal Service requested, increased how much air capacity the Postal Service received, but the air capacity gap nonetheless increased.